

SENATE BILL No. 406

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Tax abatement corrections. Provides a procedure, for the various types of property tax abatement, to correct an erroneous understatement of an assessed value deduction by the application of a separate deduction after the regular abatement schedule expires.

Effective: July 1, 2007.

Young R Michael

January 11, 2007, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 406

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-12.1-4 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Except as
3 provided in section 2(i)(4) of this chapter, **and subject to section 15**
4 **of this chapter**, the amount of the deduction which the property owner
5 is entitled to receive under section 3 of this chapter for a particular year
6 equals the product of:

7 (1) the increase in the assessed value resulting from the
8 rehabilitation or redevelopment; multiplied by

9 (2) the percentage prescribed in the table set forth in subsection
10 (d).

11 (b) The amount of the deduction determined under subsection (a)
12 shall be adjusted in accordance with this subsection in the following
13 circumstances:

14 (1) If a general reassessment of real property occurs within the
15 particular period of the deduction, the amount determined under
16 subsection (a)(1) shall be adjusted to reflect the percentage
17 increase or decrease in assessed valuation that resulted from the



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general reassessment.

(2) If an appeal of an assessment is approved that results in a reduction of the assessed value of the redeveloped or rehabilitated property, the amount of any deduction shall be adjusted to reflect the percentage decrease that resulted from the appeal.

The department of local government finance shall adopt rules under IC 4-22-2 to implement this subsection.

(c) Property owners who had an area designated an urban development area pursuant to an application filed prior to January 1, 1979, are only entitled to the deduction for the first through the fifth years as provided in subsection (d)(10). In addition, property owners who are entitled to a deduction under this chapter pursuant to an application filed after December 31, 1978, and before January 1, 1986, are entitled to a deduction for the first through the tenth years, as provided in subsection (d)(10).

(d) The percentage to be used in calculating the deduction under subsection (a) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%

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(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	17%

(7) For deductions allowed over a seven (7) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	71%
4th	57%
5th	43%
6th	29%
7th	14%

(8) For deductions allowed over an eight (8) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	75%
4th	63%
5th	50%
6th	38%
7th	25%
8th	13%

(9) For deductions allowed over a nine (9) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	77%
4th	66%
5th	55%
6th	44%
7th	33%
8th	22%
9th	11%

(10) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	95%

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1	3rd	80%
2	4th	65%
3	5th	50%
4	6th	40%
5	7th	30%
6	8th	20%
7	9th	10%
8	10th	5%

9 SECTION 2. IC 6-1.1-12.1-4.1 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.1. (a) Section 4 of
 11 this chapter applies to economic revitalization areas that are not
 12 residentially distressed areas.

13 (b) This subsection applies to economic revitalization areas that are
 14 residentially distressed areas. **Subject to section 15 of this chapter,**
 15 the amount of the deduction that a property owner is entitled to receive
 16 under section 3 of this chapter for a particular year equals the lesser of:

17 (1) the assessed value of the improvement to the property after the
 18 rehabilitation or redevelopment has occurred; or

19 (2) the following amount:

20	TYPE OF DWELLING	AMOUNT
21	One (1) family dwelling	\$74,880
22	Two (2) family dwelling	\$106,080
23	Three (3) unit multifamily dwelling	\$156,000
24	Four (4) unit multifamily dwelling	\$199,680

25 SECTION 3. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.154-2006,
 26 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2007]: Sec. 4.5. (a) For purposes of this section, "personal
 28 property" means personal property other than inventory (as defined in
 29 IC 6-1.1-3-11(a)).

30 (b) An applicant must provide a statement of benefits to the
 31 designating body. The applicant must provide the completed statement
 32 of benefits form to the designating body before the hearing specified in
 33 section 2.5(c) of this chapter or before the installation of the new
 34 manufacturing equipment, new research and development equipment,
 35 new logistical distribution equipment, or new information technology
 36 equipment for which the person desires to claim a deduction under this
 37 chapter. The department of local government finance shall prescribe a
 38 form for the statement of benefits. The statement of benefits must
 39 include the following information:

40 (1) A description of the new manufacturing equipment, new
 41 research and development equipment, new logistical distribution
 42 equipment, or new information technology equipment that the

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person proposes to acquire.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment, new logistical distribution equipment, or new information technology equipment;

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

The statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(c) The designating body must review the statement of benefits required under subsection (b). The designating body shall determine whether an area should be designated an economic revitalization area or whether the deduction shall be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is reasonable for equipment of that type.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment, new logistical distribution equipment, or new information technology

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- 1 equipment;
 2 whether the estimate of the number of individuals who will be
 3 employed or whose employment will be retained can be
 4 reasonably expected to result from the installation of the new
 5 manufacturing equipment, new research and development
 6 equipment, new logistical distribution equipment, or new
 7 information technology equipment.
 8 (3) Whether the estimate of the annual salaries of those
 9 individuals who will be employed or whose employment will be
 10 retained can be reasonably expected to result from the proposed
 11 installation of new manufacturing equipment, new research and
 12 development equipment, new logistical distribution equipment, or
 13 new information technology equipment.
 14 (4) With respect to new manufacturing equipment used to dispose
 15 of solid waste or hazardous waste by converting the solid waste
 16 or hazardous waste into energy or other useful products, whether
 17 the estimate of the amount of solid waste or hazardous waste that
 18 will be converted into energy or other useful products can be
 19 reasonably expected to result from the installation of the new
 20 manufacturing equipment.
 21 (5) Whether any other benefits about which information was
 22 requested are benefits that can be reasonably expected to result
 23 from the proposed installation of new manufacturing equipment,
 24 new research and development equipment, new logistical
 25 distribution equipment, or new information technology
 26 equipment.
 27 (6) Whether the totality of benefits is sufficient to justify the
 28 deduction.
 29 The designating body may not designate an area an economic
 30 revitalization area or approve the deduction unless it makes the
 31 findings required by this subsection in the affirmative.
 32 (d) Except as provided in subsection (h), and subject to subsection
 33 (i) **and section 15 of this chapter**, an owner of new manufacturing
 34 equipment, new research and development equipment, new logistical
 35 distribution equipment, or new information technology equipment
 36 whose statement of benefits is approved after June 30, 2000, is entitled
 37 to a deduction from the assessed value of that equipment for the
 38 number of years determined by the designating body under subsection
 39 (g). Except as provided in subsection (f) and in section 2(i)(3) of this
 40 chapter, and subject to subsection (i) **and section 15 of this chapter**,
 41 the amount of the deduction that an owner is entitled to for a particular
 42 year equals the product of:

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(1) the assessed value of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment in the year of deduction under the appropriate table set forth in subsection (e); multiplied by

(2) the percentage prescribed in the appropriate table set forth in subsection (e).

(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
3rd and thereafter	0%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%
5th and thereafter	0%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%
6th and thereafter	0%

(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

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1	2nd	85%
2	3rd	66%
3	4th	50%
4	5th	34%
5	6th	25%
6	7th and thereafter	0%
7	(7) For deductions allowed over a seven (7) year period:	
8	YEAR OF DEDUCTION	PERCENTAGE
9	1st	100%
10	2nd	85%
11	3rd	71%
12	4th	57%
13	5th	43%
14	6th	29%
15	7th	14%
16	8th and thereafter	0%
17	(8) For deductions allowed over an eight (8) year period:	
18	YEAR OF DEDUCTION	PERCENTAGE
19	1st	100%
20	2nd	88%
21	3rd	75%
22	4th	63%
23	5th	50%
24	6th	38%
25	7th	25%
26	8th	13%
27	9th and thereafter	0%
28	(9) For deductions allowed over a nine (9) year period:	
29	YEAR OF DEDUCTION	PERCENTAGE
30	1st	100%
31	2nd	88%
32	3rd	77%
33	4th	66%
34	5th	55%
35	6th	44%
36	7th	33%
37	8th	22%
38	9th	11%
39	10th and thereafter	0%
40	(10) For deductions allowed over a ten (10) year period:	
41	YEAR OF DEDUCTION	PERCENTAGE
42	1st	100%

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1	2nd	90%
2	3rd	80%
3	4th	70%
4	5th	60%
5	6th	50%
6	7th	40%
7	8th	30%
8	9th	20%
9	10th	10%
10	11th and thereafter	0%

(f) With respect to new manufacturing equipment and new research and development equipment installed before March 2, 2001, the deduction under this section is the amount that causes the net assessed value of the property after the application of the deduction under this section to equal the net assessed value after the application of the deduction under this section that results from computing:

(1) the deduction under this section as in effect on March 1, 2001; and

(2) the assessed value of the property under 50 IAC 4.2, as in effect on March 1, 2001, or, in the case of property subject to IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

(g) For an economic revitalization area designated before July 1, 2000, the designating body shall determine whether a property owner whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. For an economic revitalization area designated after June 30, 2000, the designating body shall determine the number of years the deduction is allowed. However, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

(1) as part of the resolution adopted under section 2.5 of this chapter; or

(2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the county auditor. A certified copy of the resolution shall be sent to the county auditor.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(h) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that assessment year the owner:

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(1) is convicted of a violation under IC 13-7-13-3 (repealed), IC 13-7-13-4 (repealed), or IC 13-30-6; or

(2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

(i) For purposes of subsection (d), the assessed value of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that is part of an owner's assessable depreciable personal property in a single taxing district subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

(1) the assessed value of the equipment determined without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9; multiplied by

(2) the quotient of:

(A) the amount of the valuation limitation determined under 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable personal property in the taxing district; divided by

(B) the total true tax value of all of the owner's depreciable personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:

(i) under the depreciation schedules in the rules of the department of local government finance before any adjustment for abnormal obsolescence; and

(ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 4. IC 6-1.1-12.1-4.8, AS ADDED BY P.L.154-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.8. (a) A property owner that is an applicant for a deduction under this section must provide a statement of benefits to the designating body.

(b) If the designating body requires information from the property owner for the designating body's use in deciding whether to designate an economic revitalization area, the property owner must provide the completed statement of benefits form to the designating body before the hearing required by section 2.5(c) of this chapter. Otherwise, the property owner must submit the completed statement of benefits form to the designating body before the occupation of the eligible vacant building for which the property owner desires to claim a deduction.

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(c) The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

(1) A description of the eligible vacant building that the property owner or a tenant of the property owner will occupy.

(2) An estimate of the number of individuals who will be employed or whose employment will be retained by the property owner or the tenant as a result of the occupation of the eligible vacant building, and an estimate of the annual salaries of those individuals.

(3) Information regarding efforts by the owner or a previous owner to sell, lease, or rent the eligible vacant building during the period the eligible vacant building was unoccupied.

(4) Information regarding the amount for which the eligible vacant building was offered for sale, lease, or rent by the owner or a previous owner during the period the eligible vacant building was unoccupied.

(d) With the approval of the designating body, the statement of benefits may be incorporated in a designation application. A statement of benefits is a public record that may be inspected and copied under IC 5-14-3.

(e) The designating body must review the statement of benefits required by subsection (a). The designating body shall determine whether an area should be designated an economic revitalization area or whether a deduction should be allowed, after the designating body has made the following findings:

(1) Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed occupation of the eligible vacant building.

(2) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed occupation of the eligible vacant building.

(3) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed occupation of the eligible vacant building.

(4) Whether the occupation of the eligible vacant building will increase the tax base and assist in the rehabilitation of the economic revitalization area.

(5) Whether the totality of benefits is sufficient to justify the deduction.

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1 A designating body may not designate an area an economic
2 revitalization area or approve a deduction under this section unless the
3 findings required by this subsection are made in the affirmative.

4 (f) Except as otherwise provided in this section, the owner of an
5 eligible vacant building located in an economic revitalization area is
6 entitled to a deduction from the assessed value of the building if the
7 property owner or a tenant of the property owner occupies the eligible
8 vacant building and uses it for commercial or industrial purposes. The
9 property owner is entitled to the deduction:

10 (1) for the first year in which the property owner or a tenant of the
11 property owner occupies the eligible vacant building and uses it
12 for commercial or industrial purposes; and

13 (2) for subsequent years determined under subsection (g).

14 (g) The designating body shall determine the number of years for
15 which a property owner is entitled to a deduction under this section.
16 However, **subject to section 15 of this chapter**, the deduction may not
17 be allowed for more than two (2) years. This determination shall be
18 made:

19 (1) as part of the resolution adopted under section 2.5 of this
20 chapter; or

21 (2) by a resolution adopted not more than sixty (60) days after the
22 designating body receives a copy of the property owner's
23 deduction application from the county auditor.

24 A certified copy of a resolution under subdivision (2) shall be sent to
25 the county auditor, who shall make the deduction as provided in section
26 5.3 of this chapter. A determination concerning the number of years the
27 deduction is allowed that is made under subdivision (1) is final and
28 may not be changed by using the procedure under subdivision (2).

29 (h) Except as provided in section 2(i)(5) of this chapter and
30 subsection (k), **and subject to section 15 of this chapter**, the amount
31 of the deduction the property owner is entitled to receive under this
32 section for a particular year equals the product of:

33 (1) the assessed value of the building or part of the building that
34 is occupied by the property owner or a tenant of the property
35 owner; multiplied by

36 (2) the percentage set forth in the table in subsection (i).

37 (i) The percentage to be used in calculating the deduction under
38 subsection (h) is as follows:

39 (1) For deductions allowed over a one (1) year period:

40 YEAR OF DEDUCTION	PERCENTAGE
41 1st	100%

42 (2) For deductions allowed over a two (2) year period:

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1	YEAR OF DEDUCTION	PERCENTAGE
2	1st	100%
3	2nd	50%

(j) The amount of the deduction determined under subsection (h) shall be adjusted in accordance with this subsection in the following circumstances:

(1) If a general reassessment of real property occurs within the period of the deduction, the amount of the assessed value determined under subsection (h)(1) shall be adjusted to reflect the percentage increase or decrease in assessed valuation that resulted from the general reassessment.

(2) If an appeal of an assessment is approved and results in a reduction of the assessed value of the property, the amount of a deduction under this section shall be adjusted to reflect the percentage decrease that resulted from the appeal.

(k) The maximum amount of a deduction under this section may not exceed the lesser of:

(1) the annual amount for which the eligible vacant building was offered for lease or rent by the owner or a previous owner during the period the eligible vacant building was unoccupied; or

(2) an amount, as determined by the designating body in its discretion, that is equal to the annual amount for which similar buildings in the county or contiguous counties were leased or rented or offered for lease or rent during the period the eligible vacant building was unoccupied.

(l) The department of local government finance may adopt rules under IC 4-22-2 to implement this section.

SECTION 5. IC 6-1.1-12.1-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 15. (a) If:**

(1) as the result of an error the county auditor applies a deduction under this chapter for a particular assessment date in an amount that is less than the amount to which the taxpayer is entitled under this chapter; and

(2) the taxpayer is entitled to a correction of the error under this article;

the county auditor shall apply the correction of the error as provided in this section.

(b) With respect to a deduction based on an increase in the assessed value of real property, the county auditor shall apply a deduction from the assessed value of the real property:

(1) except as provided in subsection (d), for the assessment

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1 date that next succeeds the last assessment date for which a
 2 deduction under this chapter would apply without regard to
 3 this section based on that increase; and

4 (2) except as provided in subsection (c), in the amount of the
 5 lesser of:

6 (A) the remainder of:

7 (i) the amount of the deduction to which the taxpayer is
 8 entitled under this chapter for the particular assessment
 9 date under subsection (a); minus

10 (ii) the amount of the deduction that was applied for that
 11 assessment date; or

12 (B) the assessed value of the real property for the
 13 assessment date for which the correction applies.

14 (c) If the county auditor applies an incorrect deduction as
 15 described in subsection (a) for more than one (1) assessment date,
 16 the county auditor shall:

17 (1) combine the amounts of deduction corrections determined
 18 under subsection (b)(2)(A) for all of the assessment dates for
 19 which incorrect deductions were applied; and

20 (2) except as provided in subsection (d), apply that combined
 21 amount as a deduction for the assessment date referred to in
 22 subsection (b)(1) in the manner described in subsection (b)(2).

23 (d) If:

24 (1) the remainder determined under subsection (b)(2)(A); or

25 (2) the combined amount of deduction corrections under
 26 subsection (c)(1);

27 exceeds the assessed value referred to in subsection (b)(2)(B), the
 28 county auditor shall carry the excess over as assessed value
 29 deductions for the immediately succeeding assessment date or
 30 dates.

31 (e) With respect to a deduction based on an increase in the
 32 assessed value of personal property, the county auditor shall apply
 33 deduction corrections in the manner provided in subsections (a)
 34 through (d), except that the assessed value and deduction
 35 determinations apply to the taxpayer's personal property return.

36 (f) A taxpayer is not required to file an application for a
 37 deduction under this section.

38 SECTION 6. IC 6-1.1-12.4-2, AS ADDED BY P.L.193-2005,
 39 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JULY 1, 2007]: Sec. 2. (a) For purposes of this section, an increase in
 41 the assessed value of real property is determined in the same manner
 42 that an increase in the assessed value of real property is determined for

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purposes of IC 6-1.1-12.1.

(b) This subsection applies only to a development, redevelopment, or rehabilitation that is first assessed after March 1, 2005, and before March 2, 2009. Except as provided in subsection (h) and sections 4, 5, and 8 of this chapter, an owner of real property that:

- (1) develops, redevelops, or rehabilitates the real property; and
- (2) creates or retains employment from the development, redevelopment, or rehabilitation;

is entitled to a deduction from the assessed value of the real property.

(c) **Subject to section 14 of this chapter**, the deduction under this section is first available in the year in which the increase in assessed value resulting from the development, redevelopment, or rehabilitation occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to real property located in a county for a particular year equals the lesser of:

- (1) two million dollars (\$2,000,000); or
- (2) the product of:
 - (A) the increase in assessed value resulting from the development, rehabilitation, or redevelopment; multiplied by
 - (B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

(d) A property owner that qualifies for the deduction under this section must file a notice to claim the deduction in the manner prescribed by the department of local government finance under rules adopted by the department of local government finance under IC 4-22-2 to implement this chapter. The township assessor shall:

- (1) inform the county auditor of the real property eligible for the deduction as contained in the notice filed by the taxpayer under this subsection; and
- (2) inform the county auditor of the deduction amount.

(e) The county auditor shall:

- (1) make the deductions; and
- (2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

(f) The amount of the deduction determined under subsection (c)(2) is adjusted to reflect the percentage increase or decrease in assessed valuation that results from:

- (1) a general reassessment of real property under IC 6-1.1-4-4; or

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(2) an annual adjustment under IC 6-1.1-4-4.5.

(g) If an appeal of an assessment is approved that results in a reduction of the assessed value of the real property, the amount of the deduction under this section is adjusted to reflect the percentage decrease that results from the appeal.

(h) The deduction under this section does not apply to a facility listed in IC 6-1.1-12.1-3(e).

SECTION 7. IC 6-1.1-12.4-3, AS AMENDED BY P.L.154-2006, SECTION 37, AND AS AMENDED BY P.L.169-2006, SECTION 7, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) For purposes of this section, an increase in the assessed value of personal property is determined in the same manner that an increase in the assessed value of new manufacturing equipment is determined for purposes of IC 6-1.1-12.1.

(b) This subsection applies only to personal property that the owner purchases after March 1, 2005, and before March 2, 2009. Except as provided in sections 4, 5, and 8 of this chapter, an owner that purchases personal property other than inventory (as defined in 50 IAC 4.2-5-1, as in effect on January 1, 2005) that:

(1) was never before used by its owner for any purpose in Indiana; and

(2) creates or retains employment; is entitled to a deduction from the assessed value of the personal property.

(c) **Subject to section 14 of this chapter**, the deduction under this section is first available in the year in which the increase in assessed value resulting from the purchase of the personal property occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to personal property located in a county for a particular year equals the lesser of:

(1) two million dollars (\$2,000,000); or

(2) the product of:

(A) the increase in assessed value resulting from the purchase of the personal property; multiplied by

(B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

(d) If an appeal of an assessment is approved that results in a reduction of the assessed value of the personal property, the amount of the deduction is adjusted to reflect the percentage decrease that results

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from the appeal.

(e) A property owner must claim the deduction under this section on the owner's annual personal property tax return. The township assessor shall:

(1) identify the personal property eligible for the deduction to the county auditor; and

(2) inform the county auditor of the deduction amount.

(f) The county auditor shall:

(1) make the deductions; and

(2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

(g) The deduction under this section does not apply to *personal property* at a facility listed in IC 6-1.1-12.1-3(e).

SECTION 8. IC 6-1.1-12.4-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 14. If:**

(1) as the result of an error the county auditor applies a deduction under this chapter for a particular assessment date in an amount that is less than the amount to which the taxpayer is entitled under this chapter; and

(2) the taxpayer is entitled to a correction of the error under this article;

the county auditor shall apply the correction of the error in the manner that corrections are applied under IC 6-1.1-12.1-15.

SECTION 9. IC 6-1.1-40-10, AS AMENDED BY P.L.154-2006, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) Subject to subsection (e), an owner of new manufacturing equipment or inventory, or both, whose statement of benefits is approved is entitled to a deduction from the assessed value of that equipment and inventory for a period of ten (10) years. Except as provided in subsections (c) and (d), and subject to subsection (e) **and section 14 of this chapter**, for the first five (5) years, the amount of the deduction for new manufacturing equipment that an owner is entitled to for a particular year equals the assessed value of the new manufacturing equipment. Subject to subsection (e) **and section 14 of this chapter**, for the sixth through the tenth year, the amount of the deduction equals the product of:

(1) the assessed value of the new manufacturing equipment; multiplied by

(2) the percentage prescribed in the following table:

YEAR OF DEDUCTION	PERCENTAGE
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1	6th	100%
2	7th	95%
3	8th	80%
4	9th	65%
5	10th	50%
6	11th and thereafter	0%

7 (b) **Subject to section 14 of this chapter**, for the first year the
8 amount of the deduction for inventory equals the assessed value of the
9 inventory. **Subject to section 14 of this chapter**, for the next nine (9)
10 years, the amount of the deduction equals:

- 11 (1) the assessed value of the inventory for that year; multiplied by
12 (2) the owner's export sales ratio for the previous year, as certified
13 by the department of state revenue under IC 6-3-2-13.

14 (c) A deduction under this section is not allowed in the first year the
15 deduction is claimed for new manufacturing equipment to the extent
16 that it would cause the assessed value of all of the personal property of
17 the owner in the taxing district in which the equipment is located to be
18 less than the assessed value of all of the personal property of the owner
19 in that taxing district in the immediately preceding year.

20 (d) If a deduction is not fully allowed under subsection (c) in the
21 first year the deduction is claimed, then the percentages specified in
22 subsection (a) apply in the subsequent years to the amount of deduction
23 that was allowed in the first year.

24 (e) For purposes of subsection (a), the assessed value of new
25 manufacturing equipment that is part of an owner's assessable
26 depreciable personal property in a single taxing district subject to the
27 valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product
28 of:

- 29 (1) the assessed value of the equipment determined without
30 regard to the valuation limitation in 50 IAC 4.2-4-9 or 50
31 IAC 5.1-6-9; multiplied by

32 (2) the quotient of:

- 33 (A) the amount of the valuation limitation determined under
34 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's
35 depreciable personal property in the taxing district; divided by
36 (B) the total true tax value of all of the owner's depreciable
37 personal property in the taxing district that is subject to the
38 valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9
39 determined:

- 40 (i) under the depreciation schedules in the rules of the
41 department of local government finance before any
42 adjustment for abnormal obsolescence; and

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(ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 10. IC 6-1.1-40-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 14. If:**

(1) as the result of an error the county auditor applies a deduction under this chapter for a particular assessment date in an amount that is less than the amount to which the taxpayer is entitled under this chapter; and

(2) the taxpayer is entitled to a correction of the error under this article;

the county auditor shall apply the correction of the error in the manner that corrections are applied under IC 6-1.1-12.1-15.

SECTION 11. IC 6-1.1-42-28 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 28.** (a) Subject to this section and section 34 of this chapter, the amount of the deduction which the property owner is entitled to receive under this chapter for a particular year equals the product of:

(1) the increase in the assessed value resulting from the remediation and redevelopment in the zone or the location of personal property in the zone, or both; multiplied by

(2) the percentage determined under subsection (b).

(b) The percentage to be used in calculating the deduction under subsection (a) is as follows:

(1) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%

(2) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	17%

(3) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	95%
3rd	80%

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1	4th	65%
2	5th	50%
3	6th	40%
4	7th	30%
5	8th	20%
6	9th	10%
7	10th	5%

(c) The amount of the deduction determined under subsection (a) shall be adjusted in accordance with this subsection in the following circumstances:

(1) If a general reassessment of real property occurs within the particular period of the deduction, the amount determined under subsection (a)(1) shall be adjusted to reflect the percentage increase or decrease in assessed valuation that resulted from the general reassessment.

(2) If an appeal of an assessment is approved that results in a reduction of the assessed value of the redeveloped or rehabilitated property, the amount of any deduction shall be adjusted to reflect the percentage decrease that resulted from the appeal.

(3) The amount of the deduction may not exceed the limitations imposed by the designating body under section 23 of this chapter.

(4) The amount of the deduction must be proportionally reduced by the proportionate ownership of the property by a person that:

(A) has an ownership interest in an entity that contributed; or

(B) has contributed;

a contaminant (as defined in IC 13-11-2-42) that is the subject of the voluntary remediation, as determined under the written standards adopted by the department of environmental management.

The department of local government finance shall adopt rules under IC 4-22-2 to implement this subsection.

SECTION 12. IC 6-1.1-42-34 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 34. If:**

(1) as the result of an error the county auditor applies a deduction under this chapter for a particular assessment date in an amount that is less than the amount to which the taxpayer is entitled under this chapter; and

(2) the taxpayer is entitled to a correction of the error under this article;

the county auditor shall apply the correction of the error in the manner that corrections are applied under IC 6-1.1-12.1-15.

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1 SECTION 13. [EFFECTIVE JULY 1, 2007] IC 6-1.1-12.1-4,
2 IC 6-1.1-12.1-4.1, IC 6-1.1-12.1-4.5, IC 6-1.1-12.1-4.8,
3 IC 6-1.1-12.4-2, IC 6-1.1-12.4-3, IC 6-1.1-40-10, and IC 6-1.1-42-28,
4 all as amended by this act, and IC 6-1.1-12.1-15, IC 6-1.1-12.4-14,
5 IC 6-1.1-40-14, and IC 6-1.1-42-34, all as added by this act, apply
6 only to corrections of assessed value deductions for assessment
7 dates after December 31, 2007.

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